



655 Fifteenth Street, NW, Suite 225  
Washington, DC 20005

balljanik.com

t 202.638.3307  
f 202.783.6947

229669



kmorell@balljanik.com

June 1, 2011

BY HAND DELIVERY

Ms. Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423

**FILED**  
JUN 1 - 2011  
**SURFACE  
TRANSPORTATION BOARD**

Re: STB Finance Docket No. 35510, Alabama Southern Railroad, L.L.C. --  
Temporary Trackage Rights Exemption -- Norfolk Southern Railway  
Company

Dear Ms. Brown:

Attached for filing with the Board please find the original and ten copies of the Verified Notice of Exemption pursuant to the provisions of 49 C.F.R. § 1180.2(d)(7) covering a temporary trackage rights agreement between Alabama Southern Railroad, L.L.C. and Norfolk Southern Railroad Company. Enclosed is a check in the amount of \$1,200 to cover the filing fee.

Also attached is a Disc containing the Notice of Exemption and Summary.

Please time and date stamp the extra copy of the Notice and return it with our messenger.

Sincerely,

Karl Morell  
Of Counsel

ENTERED  
Office of Proceedings

JUN 1 2011

Part of  
Public Record

**FEE RECEIVED**

JUN 1 - 2011

**SURFACE  
TRANSPORTATION BOARD**

KM:KM

BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35510

ALABAMA SOUTHERN RAILROAD, L.L.C.  
-- TEMPORARY TRACKAGE RIGHTS EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1180.2(d)(8)



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Public Record

Karl Morell  
Of Counsel  
Ball Janik LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
ALABAMA SOUTHERN  
RAILROAD, L.L.C.

**FEE RECEIVED**

JUN 1 - 2011

SURFACE  
TRANSPORTATION BOARD

Dated: June 1, 2011



BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35510

ALABAMA SOUTHERN RAILROAD, L.L.C.  
-- TEMPORARY TRACKAGE RIGHTS EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1180.2(d)(8)

Alabama Southern Railroad, L.L.C. ("ABS"), submits this Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1180.2(d)(8), to permit ABS to implement temporary operations over approximately 54.9 miles of rail line owned by Norfolk Southern Railway Company ("NSR").

The temporary trackage rights are based on a written agreement and are not sought in a responsive application in a rail consolidation proceeding.

Pursuant to the Surface Transportation Board's ("Board") regulations at 49 C.F.R. § 1180.4(g), ABS submits the following information:

**Section 1180.6 Supporting Information**

**(a)(1)(i) Description of Proposed Transaction**

NSR has agreed to provide temporary, nonexclusive overhead trackage rights to ABS between milepost 143.6, at Birmingham, AL, and milepost 198.5, at Tuscaloosa AL, a distance of approximately 54.9 miles (the "Line"). ABS's use of the Line shall commence no earlier than

the effective date of this Notice of Exemption and terminate on November 15, 2011. The temporary trackage rights are limited to one round trip a day, six days a week. ABS will have no right to: (1) to perform any other freight service of any kind at any point located on the Line; (2) to grant to other persons rights of any nature on the Line; or (3) use any part of the Line for the purpose of switching, storing or servicing cars or the making or breaking up of trains, except for emergency use by ABS of such auxiliary tracks as designated by NSR.

Name and address of tenant railroad:

Alabama Southern Railroad, L.L.C.  
315 W. 3<sup>rd</sup> Street  
Pittsburg, Kansas 66762

Questions regarding this transaction are to be addressed to ABS's counsel:

Karl Morell  
Of Counsel  
Ball Janik LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

**(a)(1)(ii) Consummation Date**

The operations under the temporary trackage rights will commence no sooner than on the effective date of this Notice of Exemption.

**(a)(1)(iii) Purpose Sought to be Accomplished**

On April 27, 2011, a tornado destroyed ABS's Hurricane Creek Bridge near Tuscaloosa, AL. The purpose of the temporary trackage rights is to enable ABS to operate around the destroyed bridge.

**(a)(5) List of States in which the Party's Property is Situated**

The involved trackage rights are located in the State of Alabama.

**(a)(6) Map**

A map of the rail line over which ABS will obtain the temporary trackage rights is attached as Exhibit A.

**(a)(7)(ii) Agreement**

A copy of the (redacted) Trackage Rights Agreement ("Agreement") is attached as Exhibit B.<sup>1</sup>

**Interchange Commitments**

The Trackage Rights Agreement does not contain a provision prohibiting the interchange of traffic with a third party.

**Labor Protection**

ABS is agreeable to the labor protection conditions generally imposed in temporary trackage rights proceedings as found in Norfolk and Western Ry. Co. – Trackage Rights – BN,

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<sup>1</sup> Only the trackage rights fee has been redacted from the Agreement. Should the Board desire un-redacted copies of the Agreement, ABS will file them pursuant to a protective order.

354 I.C.C. 605 (1878), as modified by Mendocino Coast Ry., Inc. – Lease and Operate, 360 I.C.C. 653 (1980), and any employees affected by the discontinuance of those trackage rights will be protected by the conditions set out in Oregon Short Line RR Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

**Environmental and Historic Matters**

Environmental and historical impacts associated with trackage rights transactions generally are considered to be insignificant. Therefore, an environmental and historical report and documentation normally need not be submitted for this type of transaction, pursuant to 49 C.F.R §§ 1105.6(c)(4) and 1105.8(b)(3).

Respectfully submitted,



Karl Morell  
Of Counsel  
Ball Janik LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
ALABAMA SOUTHERN  
RAILROAD, L.L.C.

Dated: June 1, 2011

**SURFACE TRANSPORTATION BOARD**

**NOTICE OF EXEMPTION**

**STB FINANCE DOCKET NO. 35510**

**ALABAMA SOUTHERN RAILROAD, L.L.C.  
-- TEMPORARY TRACKAGE RIGHTS EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY**

Norfolk Southern Railway Company has agreed to grant temporary overhead trackage rights to Alabama Southern Railroad, L.L.C., over the rail line located between milepost 143.6, at Birmingham, AL, and milepost 198.5, at Tuscaloosa, AL, a distance of approximately 54.9 miles.

The temporary trackage rights operations will commence on or after July \_\_, 2011 (the effective date of this Notice of Exemption and terminate on November 15, 2011.

This notice is filed under 49 C.F.R. § 1180.2(d)(8). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated:

By the Board,

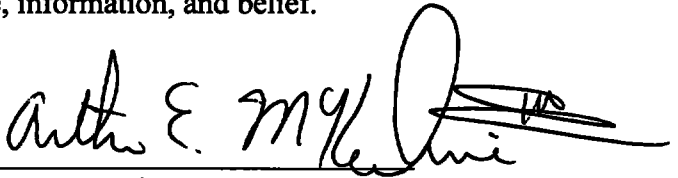
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VERIFICATION

STATE OF KANSAS  
COUNTY OF CRAWFORD

)  
) ss.  
)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Alabama Southern Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

  
Arthur E. McKechnie

SUBSCRIBED AND SWORN TO before me this 25<sup>th</sup> day of May, 2011, in the County of Crawford, State of Kansas.

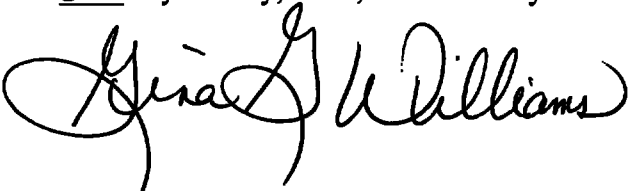
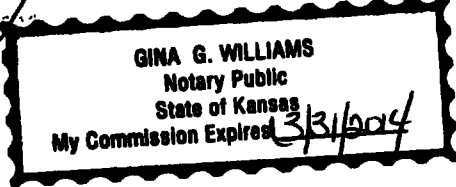
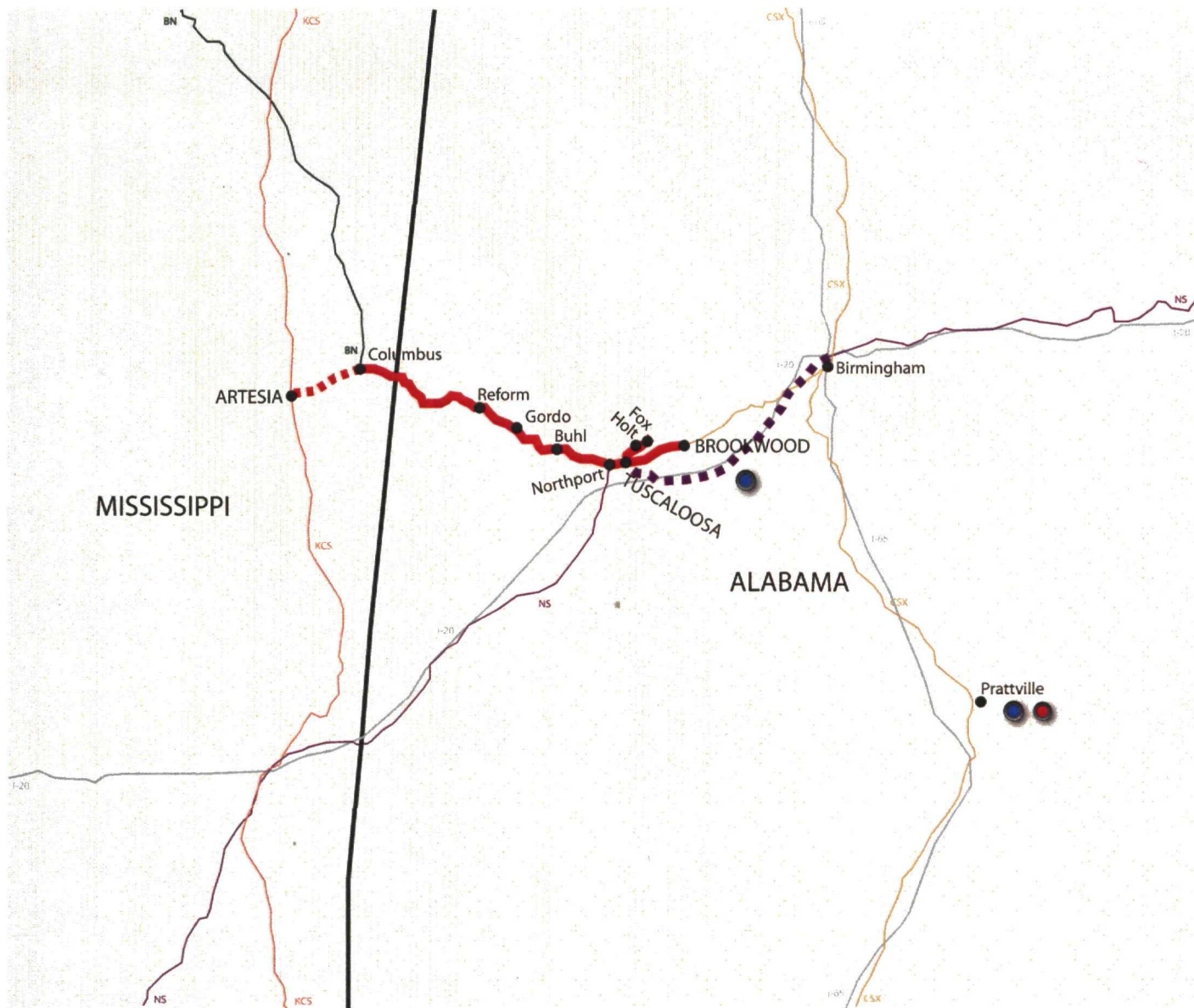
  




EXHIBIT A



**LEGEND:**

Alabama Southern RR (ABS) 

Alabama Southern Trackage Rights 

Temporary NS Trackage Rights 

**Interchanges - Track miles 85**

KCS - Artesia

CSX - Brookwood

NS - Tuscaloosa

 Mechanical Services

 Switching Services

**TEMPORARY TRACKAGE RIGHTS AGREEMENT**  
**Between**  
**NORFOLK SOUTHERN RAILWAY COMPANY**  
**And**  
**ALABAMA SOUTHERN RAILROAD**

THIS TRACKAGE RIGHTS AGREEMENT, ("Agreement"), entered into as of this 13<sup>th</sup> day of May 2011 (the "Effective Date"), by and between ALABAMA SOUTHERN RAILROAD, (hereinafter referred to as "ABS") and NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation (hereinafter referred to as "NSR"). Each of ABS and NSR shall individually be referred to as a "Party" and collectively as the "Parties".

**WITNESSETH:**

**WHEREAS**, NSR owns and operates a rail line from Birmingham, AL to Tuscaloosa, AL; and

**WHEREAS**, ABS desires to obtain temporary trackage rights over said rail line due to the destruction of the bridge over Hurricane Creek in Tuscaloosa, AL and its inability to run their normal operation(s); and

**WHEREAS**, NSR is willing to grant such temporary trackage rights; and

**WHEREAS**, ABS and NSR desire to enter into a formal agreement governing the exercise and use of the Line by ABS during such temporary period (the "Agreement").

**NOW, THEREFORE**, ABS and NSR, intending to be legally bound, agree as follows:

**ARTICLE 1. DESCRIPTION OF TRACKAGE RIGHTS**

1.1 ABS shall enjoy hereunder temporary trackage rights over the Line (the "ABS Trackage Rights") as described below:

The segment of the line owned by NSR between Birmingham, AL at the connection with CSX Transportation ("CSXT") at 14<sup>th</sup> Street Milepost 143.6 and Tuscaloosa, AL at or near Milepost 198.5, a distance of approximately 54.9 miles (the "Line").

**ARTICLE 2. USE OF LINE**

2.1 The ABS Trackage Rights shall be utilized by ABS for overhead movements only and be limited to one round trip a day, six (6) days a week. ABS shall perform no other freight service of any kind at any point located on the Line.

2.2 ABS's use of the Line shall be in common with NSR and NSR's right to use the Line shall not be diminished by this Agreement. ABS shall not grant to other persons rights of any nature on the Line.

2.3 Except as may otherwise be provided by this Agreement, the ABS Trackage Rights shall be utilized as set forth in Article 2.1, and ABS shall not use any part of the Line for the purpose of switching, storing or servicing cars or the making or breaking up of trains, except that nothing contained herein shall preclude the emergency use by ABS of such auxiliary tracks as may be designated and approved by NSR

for such purposes.

2.4 NSR shall have exclusive control of the management and operation of the Line. ABS shall not have any claim against NSR for liability on account of loss or damage of any kind in the event the use of the Line by ABS is interrupted or delayed at any time from any cause.

### **ARTICLE 3. MISCELLANEOUS SPECIAL PROVISIONS**

3.1 ABS's locomotives and crews shall be equipped to communicate with NSR on radio frequencies normally used by NSR in directing train movements on the Line.

3.2 NSR and ABS agree to consult and collaborate with respect to any improvement or other modifications that may be necessary or desirable with respect to segments of the Line that are subject to train speed or other restrictions that negatively impact ABS's operations over such segments.

### **ARTICLE 4. COMPENSATION**

4.1 On or before the 15<sup>th</sup> day of each calendar month during the term of this Agreement, ABS shall prepare and deliver to NSR a statement setting forth the number of cars and locomotive units moved by ABS pursuant to this Agreement. For the exercise of the ABS Trackage Rights, ABS shall pay to NSR (hereinafter referred to as the "Current Charge").

4.2 ABS shall pay NSR a sum computed by multiplying: (i) the Current Charge by (ii) the number of cars (loaded and empty) and locomotive units moved by ABS with its own crews and power over the Line by (iii) the miles of Line used (collectively, the "Trackage Rights Charge"). In computing the compensation payable by ABS pursuant to this Article 4, cars that exceed ninety-six (96) feet in length shall be counted as one (1) car for each four (4) axes.

### **ARTICLE 5. REVISION OF CURRENT CHARGE**

**THIS ARTICLE INTENTIONALLY OMITTED**

### **ARTICLE 6. PAYMENT OF BILLS**

6.1 All payments called for under this Agreement shall be made by ABS within thirty (30) days after receipt of bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered; and any discrepancies reconciled between the Parties shall be adjusted in the accounts of a subsequent month. The records of each Party, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other Party for a period of three (3) years from the date of billing.

6.2 Bills rendered pursuant to the provisions of this Agreement, if any, other than those set forth in Article 4, shall include direct labor and material costs, together with the surcharges, overhead percentages and equipment rentals as specified by the performing party at the time any work is performed by one Party for the other Party.

### **ARTICLE 7. MAINTENANCE OF LINE**

7.1 Except as provided by this Article, NSR shall be responsible for all maintenance of the Line, including but not limited to track, bridges, signals, detectors and highway grade crossing equipment as applicable. The Line shall be maintained by NSR in reasonably good condition for the use herein

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contemplated, but NSR does not guarantee the condition of the Line, or that operation thereover will not be interrupted. Furthermore, except as may be otherwise provided in Article 13 hereof, ABS shall not by reason of failure or neglect on the part of NSR to maintain, repair, or renew the Line, have or make any claim or demand against NSR or its parent corporation, subsidiaries and affiliates and any or all of their respective directors, officers, agents or employees for any injury to or death of any person or persons whomsoever, or for any damage to or loss or destruction of any property whatsoever, or for any damages of any nature suffered by a party resulting from any such failure or neglect. If the use of the Line shall at any time be interrupted or traffic thereon is delayed for any cause, NSR shall with reasonable diligence restore the Line for the movement of cars.

#### **ARTICLE 8. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTIONS**

**THIS ARTICLE INTENTIONALLY OMITTED**

#### **ARTICLE 9. ADDITIONS, RETIREMENTS AND ALTERATIONS**

**THIS ARTICLE INTENTIONALLY OMITTED**

#### **ARTICLE 10. MANAGEMENT AND OPERATIONS**

10.1 ABS shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains (locomotives and cars) while such trains, locomotives, cars, and equipment are being operated over the Line. ABS shall indemnify, protect, defend, and save harmless NSR and its parent corporation, subsidiaries and affiliates, and any or all of their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon NSR or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents and employees under such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of ABS to comply with its obligations in this regard.

10.2 ABS in its use of the Line shall comply in all respects with the safety rules, operating rules and other regulations of NSR, and the movement of ABS's trains (locomotives and cars) over the Line shall at all times be subject to the orders of the transportation officers of NSR. ABS's trains shall not include locomotives or cars which exceed the width, height, weight or other restrictions or capacities of the Line, and, without the prior consent of NSR, no train shall contain locomotives or cars which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by NSR's operating rules and regulations.

10.3 ABS shall make such arrangements with NSR as may be required to have all of its employees who shall operate its trains, locomotives and cars over the Line qualified for operation thereover, and ABS shall pay to NSR, upon receipt of bills therefor, any reasonable cost incurred by NSR in connection with the qualification of such employees of ABS, as well as the reasonable cost of pilots furnished by NSR, until such time as such employees are deemed by the appropriate examining officer of NSR to be properly qualified for operation as herein contemplated, such determination not to be unreasonably withheld, conditioned or delayed.

10.4 If any employee of ABS shall neglect, refuse or fail to abide by NSR's rules, instructions and restrictions governing the operation on or along NSR's property, such employee shall, upon written request of NSR, be prohibited by NSR from working on NSR's property. If any Party shall deem it necessary to hold a formal investigation to establish such neglect, refusal or failure on the part of any employee of ABS, then upon such notice presented in writing, ABS shall promptly hold an investigation in which all parties concerned shall participate and bear the expense for its officers, counsel, witnesses and employees. Notice of such investigations to ABS's employees shall be given by ABS's officers, and such investigation shall be conducted in accordance with the terms and conditions of scheduled agreements

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between ABS and its employees. If the result of such investigation warrants, such employee shall, upon written request by NSR, be withdrawn by ABS from service on NSR's property, and ABS shall release and indemnify NSR from and against any and all claims and expenses because of such withdrawal.

10.5 The trains, locomotives, cars and equipment of ABS, NSR, and any other present or future user of the Line or any portion thereof, shall be operated without prejudice or partiality to any party and in such manner as shall afford the most economical and efficient manner of movement of all traffic.

10.6 (a) In the event that (i) an ABS train shall be forced to stop on the Line and unable to proceed due to mechanical failure of ABS's equipment or any other cause not resulting from an accident or derailment, (ii) an ABS train fails to maintain the speed required by NSR on the Line; or (iii) in emergencies, crippled or otherwise defective cars are set out of ABS's trains on the Line, NSR shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Line, and ABS shall reimburse NSR for the reasonable cost incurred by NSR in rendering any such assistance.

(b) If it become necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Line, NSR shall have the option to perform such work, and ABS shall reimburse NSR for the reasonable cost incurred by NSR with respect thereto.

10.7 In the event NSR and ABS agree that NSR should retain employees or provide additional employees for the sole benefit of ABS, the Parties shall enter into a separate agreement under which ABS shall bear all cost and expense for any such retained or additional employees provided, including without limitation all cost and expense associated with labor protective payments which are made by NSR and which would not have been incurred had the retained or additional employees not been provided.

#### **ARTICLE 11. MILEAGE AND CAR HIRE**

11.1 All mileage and car hire charges accruing on cars in ABS's trains on the Line shall be assumed by ABS and reported and paid by it directly to the owner(s) of such cars.

#### **ARTICLE 12. CLEARING OF WRECKS**

12.1 Whenever ABS's use of the Line requires rerailing, wrecking service or wrecking train service, NSR shall be responsible for the provision of such service, including the repair and restoration of roadbed, track and structures so as to minimize the impact on NSR and ABS operations. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Article 13 hereof. All locomotives, cars, and equipment and salvage from the same so picked up and removed which are owned by or under the management and control of or used by ABS at the time of such wreck, shall be promptly delivered to ABS.

#### **ARTICLE 13. LIABILITY**

13.1 The responsibility and liability between the Parties for: (i) any personal injury or death of any person (including employees of the Parties and third persons), (ii) any real or personal property damage of any person (including property of the Parties and third persons), (iii) any damage or destruction to the environment (including land, air, water, wildlife and vegetation), and (iv) all cleanup and remedial expenses, court costs, settlements, claims, judgments, litigation expenses and attorney's fees resulting from the use of the Line by either Party as described herein, all of which are collectively referred to as a "Loss", shall be allocated as follows:

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13.2 If a Loss occurs on the Line involving the trains, locomotives, engines and/or employees of only one Party, then such Party shall be solely responsible for the Loss, even if caused partially or completely by the other Party.

13.3 If a Loss occurs on the Line involving the trains and locomotives of both NSR and ABS, then: (i) each Party shall be solely responsible for any Loss to its own employees, locomotives and equipment in its own account including lading and (ii) responsibility for any Loss to the Line and Loss sustained by third parties shall be divided equally between the two Parties, regardless of the proportionate responsibility between them as to the cause of the Loss.

13.4 If a Loss occurs on the Line involving only one of the Parties and one or more third parties, then such Party hereto shall be solely responsible for such Loss as between the Parties.

13.5 Whenever any Loss is assumed by or apportioned to a Party under the foregoing provisions, that Party shall forever protect, defend, indemnify, and save harmless the other Party and its parent corporation, subsidiaries and affiliates, and any and all of their respective directors, officers, agents, and employees from and against such Loss assumed by that Party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance, or misfeasance of the indemnitee or its directors, officers agents, or employees.

13.6 In every case of death or injury suffered by an employee of either ABS or NSR, when compensation to such employees or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employers' liability or other law, and either of said Parties, under the provisions of this Agreement, is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

13.7 For purposes of determining liability, pilots furnished by NSR to ABS pursuant to this Agreement shall be considered as the employees of ABS while such employees are on duty as pilots for ABS.

13.8 If any suit or action shall be brought against either Party for damages which under the provisions of this Agreement are in whole or in part the responsibility of the other Party, said other Party shall be notified in writing by the party sued, and the party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay a proportionate part of the judgment and costs, expense and attorneys' fees incurred in such suit according to its liability assumed hereunder.

13.9 In the event of a Loss as set out herein, the Parties shall be bound by the Freight Claim Rules, Principles, and Practices of the AAR as to the handling of any claims for the loss or damage to lading.

13.10 Notwithstanding any and all of the foregoing provisions of this Article 13, in the event a Loss occurs while the Line is being used by NSR and/or ABS, and such Loss is attributable solely to the willful or wanton negligence of only one of the parties to this Agreement, then the Party which was so willfully or wantonly negligent shall be solely responsible for such Loss.

#### **ARTICLE 14. CLAIMS**

14.1 (a) Except as provided in Article 14.1(b) below, all claims, injuries, death, property damages and losses arising out of or connected with this Agreement shall be investigated, adjusted and defended by the Party bearing the liability, cost, and expense therefor under the provisions of this Agreement.

(b) Each Party shall investigate, adjust and defend all freight loss and damage claims filed with it in accordance with 49 U.S.C. Section 11706.

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(c) In the event a claim or suit is asserted against NSR or ABS which is the other's duty hereunder to investigate, adjust or defend, then, unless otherwise agreed, such other Party shall, upon request, take over the investigation, adjustment and defense of such claim or suit.

(d) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement, except that salaries or wages of full-time agents, full-time attorneys and other full-time employees of either Party engaged directly or indirectly in such work shall be borne by such Party.

(e) Excluding freight loss and damage claims filed in accordance with 49 U.S.C. Section 11706, neither Party shall settle or compromise any claim, demand, suit or cause of action for which the other Party has any liability under this Agreement without the concurrence of such other party if the consideration for such settlement or compromise exceeds THIRTY-FIVE THOUSAND DOLLARS (\$35,000).

14.2 Except as provided in Article 10.7, each party agrees to indemnify and hold harmless the other Party and its parent corporation, subsidiaries and affiliates, and any or all their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to a collective bargaining agreement or employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement. It is the intention of the Parties that each Party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employee arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

14.3 It is understood that nothing in this Article 14 shall modify or waive the conditions, obligations, assumptions or apportionments provided in Article 13.

## **ARTICLE 15. DEFAULT AND TERMINATION**

15.1 In the event of any material failure on the part of ABS to perform its obligations under this Agreement and the continuation of such failure for a period of sixty (60) days after written notice thereof by certified mail from NSR, NSR shall have the right at its option and after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by NSR of any prior breach thereof, to terminate the ABS Trackage Rights and ABS's use of the Line, subject to any regulatory approval or exemption that may be required under governing law. The exercise of such right by NSR shall not impair its rights under this Agreement or any cause or causes of action it may have against ABS for the recovery of damages.

## **ARTICLE 16. INSURANCE**

16.1 ABS shall procure and maintain in effect during the life of this Agreement a policy or policies of insurance covering the liability to which it is or may be subject under Article 13 hereof. Such insurance shall provide minimum limits of Twenty-Five Million Dollars (\$25,000,000) per occurrence but may be subject to an annual aggregate limit of Twenty-Five Million Dollars (\$25,000,000) and a per occurrence deductible not in excess of Two Hundred Fifty Thousand Dollars (\$250,000). Norfolk Southern Railway Company shall be named as an additional insured on said insurance policy.

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16.2 If the insurance provided under this Article 16 takes the form of a Claims Made Policy, ABS agrees to purchase whatever supplemental coverage may be necessary to provide continuous coverage of its potential liability under this Agreement, with annual occurrence and annual aggregate limits no less than those required hereunder, for a period of time at least five (5) years following the termination of this Agreement. ABS further agrees to immediately give written notice to the Director Risk Management, Norfolk Southern Railway Company, Three Commercial Place, Norfolk, Virginia 23510-2191, of any claim or notice of incident or notice of potential claim that is required to be reported to its liability insurance company.

16.3 Every policy of insurance obtained by ABS pursuant to the requirements of this Article 16 shall contain provisions requiring that the insurance carriers give NSR at least thirty (30) days notice, in writing, of any proposed policy cancellation and of any material modification of the terms and conditions of the policy. The terms and conditions of each policy of insurance obtained by ABS to satisfy the requirements of this Article 16 will be subject to the approval of NSR.

16.4 Within thirty (30) days of execution of this Agreement, ABS will furnish to the above referenced Director Risk Management, an accurate copy of insurance obtained pursuant to the requirements of this Agreement. Compliance with this requirement will not relieve ABS of any other obligation under this Agreement and will in no way limit or modify ABS's obligation to provide the specific insurance coverage required by this Agreement. Evidence of subsequent renewal of such insurance or of any material change must be furnished to the above referenced Director Risk Management as stipulated in Article 16.2 above.

#### **ARTICLE 17. REGULATORY APPROVAL**

17.1 ABS, at its own cost and expense will initiate and thereafter diligently prosecute any actions necessary to obtain the approval, or exemption from such approval, of the U.S. Surface Transportation Board ("STB") of this temporary trackage rights agreement pursuant to 49 C.F.R. 1180.2(d)(8). Prior to making any submission to the STB, ABS will present said submission to NSR for its review and approval, which shall not be unreasonably withheld or delayed.

#### **ARTICLE 18. TERM**

18.1 This Agreement shall become effective (the "Effective Date") as of the first date executed by all of the Parties. However, ABS operations over the Subject Trackage shall not commence until a date (the "Commencement Date") mutually agreed in writing between ABS and NSR, which date shall not occur until the effective date of any required STB authorization or exemption of the trackage rights granted to ABS herein (including compliance with any condition(s) imposed by the STB in connection with such approval or exemption).

18.2 The term of this Agreement shall commence on the Effective Date and continue until January 15, 2012, at which time the underlying right of movement as granted by this Agreement shall terminate. Termination of this Agreement shall not relieve or release either party hereto from any obligation assumed or from any liability which may have arisen or been incurred by either Party under the terms of this Agreement prior to the termination hereof.

#### **ARTICLE 19. FORCE MAJEURE**

19.1 Neither Party shall be responsible to the other for delays or failure to perform under this Agreement if such delays or failure to perform are covered by circumstances beyond a Party's control, including, but not limited to, Acts of God, floods, storms, earthquakes, hurricanes, tornadoes, or other severe weather or climatic conditions, acts of public enemy, war, blockade, insurrection, vandalism or

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sabotage, fire, accident, wreck, derailment, washout or explosion, strike, lockout or labor disputes experienced by the parties hereto, embargoes or AAR service orders; Federal Railroad Administration (FRA) orders, or governmental laws, orders or regulations.

## **ARTICLE 20. ARBITRATION**

20.1 Any irreconcilable dispute arising between the parties with respect to this Agreement shall be settled through binding arbitration by three (3) independent arbitrators before the American Arbitration Association and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrators shall be final and conclusive upon the Parties. Each party to the arbitration shall pay the compensation, costs, fees and expenses of its own witnesses, consultants and counsel. The compensation, costs and expenses of the arbitrators shall be borne equally by the Parties. The arbitrators shall not have the power to award consequential or punitive damages or to determine violations of criminal laws or antitrust laws. Pending the award of the arbitrators, there shall be no interruption in the transaction of business under the Agreement, and all payments in respect thereto shall be made in the same manner as prior to the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the decision or award of the arbitrators.

## **ARTICLE 21. SUCCESSORS AND ASSIGNS**

21.1 This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties, provided, however, that neither Party shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, by merger or otherwise, to any person, firm or corporation without obtaining the prior written consent of the other Party. In the event that ABS is replaced by another common carrier railroad ("Substitute Rail Carrier") as the operator for the SEDA-COG railroads, this Agreement may be assigned to such Substitute Rail Carrier upon the written consent of NSR, such consent not to be unreasonably withheld or delayed.

## **ARTICLE 22. NOTICE**

22.1 Any notice required or permitted to be given by one Party to another under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

If to ABS:        Mitch Becker  
                     Watco Transportation Services LLC  
                     315 W Third  
                     Pittsburg, KS 66762

If to NSR:        Executive Vice President Operations  
                     Norfolk Southern Corporation  
                     Three Commercial Place  
                     Norfolk, Virginia 23510-2191

with a copy to:    Senior Director – Joint Facilities  
                     Norfolk Southern Corporation  
                     1200 Peachtree Street, NE  
                     Atlanta, Georgia 30309

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Either Party may provide changes in the above addresses to the other Party by personal service or U.S. mail.

#### **ARTICLE 23. GENERAL PROVISIONS**

23.1 This Agreement and each and every provision hereof is for the exclusive benefit of the Parties and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against either of the Parties.

23.2 This Agreement contains the entire understanding of the Parties and supersedes any and all oral understandings between the Parties. No term or provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing and signed by both Parties.

23.3 All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry. All Article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

23.4 As used in this Agreement, whenever reference is made to the trains, locomotives, cars or equipment of, or in the account of, one of the Parties, such expression means the trains, locomotives, cars and equipment in the possession of or operated by one of the Parties and includes such trains, locomotives, cars and equipment which are owned by, leased to, or in the account of such Party. Whenever such locomotives, cars or equipment are owned or leased by one Party and are in the possession or account of the other Party, such locomotives, cars and equipment shall be considered those of the other Party under this Agreement.

23.5 This Agreement is the result of mutual negotiations of the Parties, neither of whom shall be considered the drafter for purposes of contract construction.

23.6 Neither Party may disclose the provisions of this Agreement to a third party, excluding a parent, subsidiary or affiliate company, without the written consent of the other Party, except as otherwise required by law, regulation or ruling.

23.7 This Agreement shall be governed by and construed in accordance with the laws of the State of Pennsylvania without regard to its choice of law provisions.

#### **ARTICLE 24. CONFIDENTIALITY**

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement or as may be necessary or appropriate for a Party to enforce its rights under this Agreement, during the term of this Agreement and during a period of three (3) years subsequent to termination of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or obtained hereunder shall be kept confidential and shall not be disclosed by either NSR or ABS to any party other than each Party's respective parent corporation, subsidiaries and affiliates, and their respective directors, officers, agents, employees and attorneys, without the prior written approval of the other Party.

#### **ARTICLE 25. INDEMNITY COVERAGE**

As part of the consideration hereof, each party hereby agrees that each and all of its indemnity commitments in this Agreement in favor of the other parties shall also extend to and indemnify the parent corporation, subsidiaries and affiliates of such other parties, and all of their respective directors, officers, agents and employees.

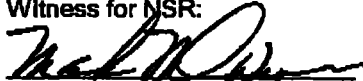
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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Witness for ABS:

\_\_\_\_\_

Witness for NSR:



ALABAMA SOUTHERN RAILROAD

By: \_\_\_\_\_

NORFOLK SOUTHERN RAILWAY COMPANY

By:   
Vice President Customer Service-Transportation Network